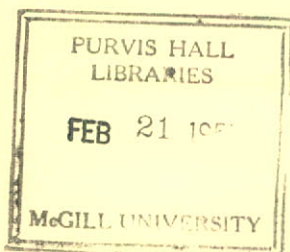




ANNUAL
Eastern Steel Products Limited
1950
REPORT



Eastern Steel Products Limited

BOARD OF DIRECTORS

C. F. W. BURNS		TORONTO, ONT.
A. K. CAMERON		WESTMOUNT, QUE.
A. B. DAVIDSON		TORONTO, ONT.
M. S. HAAS		TORONTO, ONT.
J. E. LABELLE, K.C.		MONTREAL, QUE.
F. J. MADELY		TORONTO, ONT.
GORDON McMILLAN, K.C.		TORONTO, ONT.
LT.-COL. W. E. PHILLIPS, C.B.E., D.S.O., M.C.		TORONTO, ONT.
J. M. PRITCHARD		WESTMOUNT, QUE.

OFFICERS

CHAIRMAN OF THE BOARD		A. K. CAMERON
PRESIDENT		A. B. DAVIDSON
VICE-PRESIDENT		J. M. PRITCHARD
GENERAL MANAGER		F. J. MADELY
SECRETARY-TREASURER		N. T. BERRY

BANKERS

THE BANK OF NOVA SCOTIA

REGISTRARS, TRANSFER AGENTS

EASTERN TRUST COMPANY

SOLICITORS

McMILLAN, BINCH, WILKINSON, STUART, BERRY AND WRIGHT

AUDITORS

THORNE, MULHOLLAND, HOWSON & McPHERSON, C.A.

HEAD OFFICE

394 SYMINGTON AVENUE TORONTO, ONTARIO

PLANTS AT MONTREAL, TORONTO AND PRESTON



DIRECTORS' REPORT TO THE SHAREHOLDERS:

Your Directors present herewith the Annual Report for the fiscal year ended November 30th, 1950, including the Consolidated Balance Sheet of your Company and its subsidiaries, The A. B. Ormsby Company Limited and W. D. Beath and Son Limited, and the related Consolidated Statement of Profit and Loss and Earned Surplus.

Sales volume has been more than maintained during the year and the net profit after all charges, including depreciation and taxes on income, was \$31,479.35.

Working capital at November 30th, 1950 was \$1,962,854.85, having been increased during the year by \$98,895.11. During the fiscal year \$60,024.29 was expended on additional fixed assets and \$40,000.00 principal amount of debentures was retired. The earned surplus at November 30th, 1950, amounting to \$899,160.76 was \$23,240.23 less than at the end of the previous year, provision for additional taxes on income and other adjustments affecting prior years having more than offset the profits transferred from the Profit and Loss Account for the current year.

The first three-quarters of the Company's past year remained unsatisfactory. However, your Board is satisfied that the latter part of the year saw the expected improvement resulting from changes in plant, staff and products begin to take effect. Both sales and profits in the latter part of the year were substantially better. Many uncertainties face management to-day, but a large demand for E.S.P. products does exist and, provided materials are available in reasonable quantities, 1951 should prove a much more satisfactory year.

Your Directors are pleased to record their appreciation of the loyalty and co-operation of the officers and employees of the Company.

On behalf of the Board,

A. B. DAVIDSON,
President.

Eastern Steel Products Limited

AND ITS SUBSIDIARIES

CONSOLIDATED

ASSETS

CURRENT ASSETS:

Accounts receivable, less reserve for doubtful accounts	\$1,181,645.50	
Inventories as determined by the management and certified to be valued at estimated cost for goods finished and in process and the lower of cost or market for raw materials, etc.	1,647,958.08	
Refundable portion of excess profits taxes.	97,783.03	
Prepaid expenses and accrued revenue.	27,416.24	\$2,954,802.85

CASH HELD BY TRUSTEE FOR THE DEBENTURE-HOLDERS AVAILABLE FOR CAPITAL

EXPENDITURES IN PROCESS	66,847.91
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LIFE INSURANCE, CASH SURRENDER VALUE	45,512.36
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FIXED ASSETS:

Land, buildings, plant and equipment at depreciated appraised value as per appraisals by Industrial Valuation Company, Limited in 1946, plus subsequent additions at cost, less dis- posals	\$3,367,213.84	
Less: Subsequent reserve for depreciation	266,172.00	3,101,041.84

DEFERRED CHARGES:

Debenture issue expenses, less portion amortized.	39,919.23
	<u>\$6,208,124.19</u>

Approved on behalf of
A. B. DAVIDSON, *Director*.

AUDITORS' REPORT TO

We have audited the accounts of Eastern Steel Products, Limited and its subsidiary companies for the year ended November 30, 1950. The balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the said companies at that date.
TORONTO, CANADA, January 29, 1951.

THE A. B. ORMSBY COMPANY, LIMITED AND W. D. BEATH & SON LIMITED

BALANCE SHEET

NOVEMBER 30, 1950

LIABILITIES

CURRENT LIABILITIES:

Bank loan and overdraft (secured)	\$ 384,779.07	
Accounts payable and accrued liabilities	453,672.08	
Provision for taxes on income	74,217.35	
Other taxes withheld or accrued	37,623.50	
Debenture principal maturing April 1, 1951	40,000.00	
Minority interest in subsidiary company	1,656.00	\$ 991,948.00

FIRST SECURED DEBENTURES, SERIES "A" AND "B":

Maturing \$40,000.00 annually 1951 to 1956, \$50,000.00 annually 1957 to 1961 and \$1,110,000.00 in 1966. Sinking fund payments of \$65,000.00 to be made annually from 1962 to 1965 inclusive. Interest at varying rates from 2½% to 4%, depending on maturity	\$1,600,000.00	
Less: Payment due April 1, 1951 shown above	40,000.00	1,560,000.00

EXCESS OF APPRAISED VALUE of fixed assets over net book value, less book value of patents, leases and goodwill	1,766,483.32
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CAPITAL STOCK AND EARNED SURPLUS:

Capital stock:		
Authorized, 400,000 shares of no par value		
Issued, 288,144 shares	\$ 990,532.11	
Earned surplus	899,160.76	1,889,692.87
		<u>\$6,208,124.19</u>

Half of the Board.

GORDON McMILLAN, *Director*.

TO THE SHAREHOLDERS

50 and have obtained all the information and explanations we have required. We report that, in our opinion, the above consolidated es as at November 30, 1950, according to the best of our information and the explanations given us and as shown by their books.

THORNE, MULHOLLAND, HOWSON & MCPHERSON, *Chartered Accountants*

Eastern Steel Products Limited

AND ITS SUBSIDIARIES

THE A. B. ORMSBY COMPANY, LIMITED

AND

W. D. BEATH & SON LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

YEAR ENDED NOVEMBER 30, 1950

Net operating profit for year after deducting all expenses, including executive salaries and legal fees, \$33,500.00, but before taking into account the undermentioned items		\$198,742.42
Provision for depreciation	\$ 84,320.57	
Debenture interest	61,942.50	146,263.07
Net profit before taxes on income	\$ 52,479.35	
Provision for taxes on income.		21,000.00
Net profit for year.	\$ 31,479.35	
Earned surplus at beginning of year	\$ 922,400.99	
Provision for additional taxes on income and other adjustments affecting prior years	54,719.58	867,681.41
EARNED SURPLUS AT NOVEMBER 30, 1950		\$899,160.76

★ ★ ★ *Serving Canada for over 50 Years* ★ ★ ★

For over half a century, Eastern Steel Products Limited and its predecessor companies have been successfully engaged in manufacturing a steadily enlarging group of steel products for Canada's needs.

SERVING ARCHITECTS AND BUILDERS . . . with effective, economical ventilation of industrial and commercial buildings; with doors of all kinds, door frames, steel skylights, windows, steel sash, built up roofing and other special products.

SERVING AGRICULTURE . . . poultrymen throughout Canada have learned by practical experience that the names "Jamesway" and "E.S.P." are synonymous with efficient, economical equipment for the profitable raising and marketing of poultry.

Agriculture and Industry are jointly served with Eastern Steel barns, implement sheds, garages, and many types of storage and industrial buildings, metal roofing, siding and accessories.

SERVING THE AUTOMOTIVE INDUSTRY . . . intensified automotive travel in Canada makes the building of new roads and the maintenance and repair of existing roads a pressing problem.

E.S.P. Bodies and Hoists, Dump Trailers, Scrapers, Road Rollers and Snowplows can be relied upon to give fast, efficient performance under the most extreme conditions.

SERVING THE CANADIAN PEOPLE . . . speeding the safe movement of our ever growing population with E.S.P.—HALL Moving Stairways and Elevators.

. . . protecting the health and contributing to the comfort of millions of Canadians with E.S.P.—HALL Industrial and Marine Refrigeration.

SERVING SPECIALIZED INDUSTRIES . . . E.S.P. Truck and Trailer Bodies and Tanks "quality-built" to the rigid specifications of the Petroleum Industry guarantee protection and economical transportation of petroleum products.

Storage of petroleum, fuel oil, chemical and paint products is met realistically by E.S.P. Container and Drum Division.

The needs of diversified industry are supplied by E.S.P. Custom Product Division with fabricated sheet, platework and engineered products.

With its wide range of products and facilities Eastern Steel Products Limited confidently faces the future and the ever expanding demand for its products and services.

